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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
FEBRUARY 1963

Volume 7 *Reserve*

Number 7

Released Pursuant to \$1090.27 (j) and \$1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

CERTAIN ORDER PROVISIONS SUSPENDED

Certain provisions of the Federal Milk Order for the Chattanooga area were suspended as of March 1, 1963 so as to provide a compensatory payment rate at the difference between the Class I price and the Uniform Blend price. This payment rate is applicable on Class I milk disposed of in the marketing area from non-federal order sources and will be effective during an interim period while procedures to amend the order are underway.

The USDA held comprehensive public hearings in January on the pricing of unregulated "other source milk" (which this suspension concerns) sold in 76 Federal Order areas including Chattanooga.

MARKET SUMMARY FEBRUARY 1963

The minimum uniform hundredweight price to be paid producers for February 1963 milk deliveries at Chattanooga area pool plants is \$4.24 and Tullahoma pool plant \$4.075. These prices are for milk containing 3.5 percent butterfat and the producer butterfat differential is 7.2 cents per point (one-tenth percent) variation.

During February, 80.5% of the total producer milk was priced in Class I at \$4.63 (16.5 cents less at Tullahoma pool plant) per cwt. with a butterfat differential of 7.5 cents and 19.5% in Class II at \$2.76 per cwt. with a butterfat differential of 6.7 cents. The daily average use of gross Class I milk increased 4.5% compared with January 1963 and increased 9.7% compared with February 1962.

Daily average delivery of milk from producers was 497,455 pounds in February 1963, an increase of 4,437 pounds per day compared with January 1963 and an increase of 9,478 pounds compared with February 1962. Percentage-wise, February deliveries increased 0.9% compared with January 1963 and increased 1.9% compared with Feb. 1962.

MILK SAMPLES TESTED - Producer Fresh Samples 5,562 - Handler Finished Products 186.

ANNOUNCED 1963 PRODUCER BASES

The average daily bases that producers established during the months of September 1962 thru January 1963 were announced by the Market Administrator during February 1963. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1963 Number of Producers	1962 Number of Producers	1961 Number of Producers	1960 Number of Producers	Base Range Pounds	1963 Number of Producers	1962 Number of Producers	1961 Number of Producers	1960 Number of Producers
0- 99	2	0	4	10	700- 799	51	50	53	43
100-199	15	20	22	46	800- 899	44	47	41	39
200-299	51	64	78	104	900- 999	45	35	29	28
300-399	71	94	103	115	1000-1499	109	103	90	60
400-499	82	85	93	85	1500-1999	24	26	19	20
500-599	86	98	86	78	Over-2000	20	10	10	7
600-699	63	52	54	71	Total Prod.	663	684	682	706

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Feb. '63</u>	<u>Jan. '63</u>	<u>Feb. '62</u>
Number of Plants (Pool and Non-Pool)	15	15	15
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	497,455	493,018	487,977
% February '63 compared with:	100.0	100.9	101.9
Other Source	10,684	9,585	8,134
Other Order	35,631	5,658	6,283
Total Milk Receipts	<u>543,770</u>	<u>508,261</u>	<u>502,394</u>
% February '63 compared with:	100.0	107.0	108.2
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	322,068	313,948	303,770
Fluid Skim	20,808	19,238	16,362
Buttermilk	39,718	39,582	39,132
Flavored Milk and Drink	8,874	8,860	8,004
Fluid Creams (Sweet & Sour)	2,692	2,531	2,495
Bulk to Non-Handlers	11,701	5,112	190
Shrinkage Class I	2,711	669	1,811
Other	<u>(1,540)</u>	<u>(302)</u>	<u>(779)</u>
Total Class I Milk	407,032	389,638	370,985
% February '63 compared with:	100.0	104.5	109.7
Class II Uses:			
Butter	624	3,786	12,461
Cottage Cheese	18,507	16,799	15,780
Powdered and Condensed Milk	68,580	52,042	62,521
Ice Cream	37,326	32,980	24,095
Stockfeed	3,645	3,481	3,136
Shrinkage Class II	6,135	8,094	9,119
Other	<u>1,921</u>	<u>1,441</u>	<u>4,297</u>
Total Class II Milk	136,738	118,623	131,409
% February '63 compared with:	100.0	115.3	104.1
Gross Class I Butterfat Pounds	14,506	13,731	12,973
Gross Class II Butterfat Pounds	<u>8,475</u>	<u>8,021</u>	<u>7,996</u>
Total Butterfat Pounds	22,981	21,752	20,969
% Producer Milk of Gross Class I	122.2	126.5	131.5
% Producer Milk priced in Class I	80.5	77.7	75.0

MARCH 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Mar. '63</u>	<u>Feb. '63</u>	<u>Mar. '62</u>
Basic Formula	\$3.10	\$3.10	\$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	<u>(0.10)</u>	<u>(0.22)</u>	<u>(0.22)</u>
Class I Price, 3.5% Butterfat	\$4.75	\$4.63	\$4.785
Class I Price, 4.0% Butterfat	\$5.125	\$5.005	\$5.18
Per \$ 1090.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: January and February
Supply: Lbs. Producer Milk (Jan. 15,283,557 and Feb. 13,928,745) 29,212,302
Demand: Lbs. Net Class I Milk (Jan. 11,894,350 and Feb. 11,315,012) 23,209,362
Utilization Percentage: Producer milk divided by Class I 126
Standard Utilization Percentage: Range 117-121 121
Net Deviation Percentage: Utilization minus Standard Utilization plus 5
Supply-Demand Adjustment: 2 cents x 5 percentage points minus \$0.10

Since the supply in relation to the demand is more than the desired standard, the price is decreased 10 cents per hundredweight (2 cents x 5 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICE FOR FEBRUARY 1963

Based on 15 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,396,898	3.564		
Less Other Source		179,032	1.670		
Producer Milk Class I	80.5	11,217,866	3.594115	\$4.696928 ¹ / ₂	\$526,895.09
Gross Class II		3,828,668	6.198		
Less Other Source		1,117,789	3.517		
Producer Milk Class II	19.5	2,710,879	7.303720	5.308492	143,906.79
TOTAL PROD. (Cl.I + Cl.II)	100.0	13,928,745	4.316096		670,801.88
Add Compensatory Payment Value					215.43
Add Producer Location Adjustment and Inventory Reclassification Value					587.11
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					6,405.30
TOTAL VALUE AT TEST		13,928,745	4.316096		678,009.72
Less Test Over 3.5% @ 7.2¢ per point		13,928,745	.816096	0.587589	81,843.77
TOTAL VALUE AT 3.5%		13,928,745	3.5	4.280112	596,165.95
Less Producer-Settlement Fund Reserve		13,928,745		.040112	5,587.10
UNIFORM PRICE f.o.b. POOL PLANT 3.5%		13,928,745	3.5	\$4.24	\$590,578.85

¹/₂ Adjusted for handler location differential

FEBRUARY 1963 PRODUCER PRICES CWT. f.o.b. CHATTANOOGA AREA POOL PLANT (0-65 Mile Zone)
(TULLAHOMA POOL PLANT 16.5¢ LESS) BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.88	3.6	\$4.312	4.2	\$4.744	4.8	\$5.176	5.4	\$5.608
3.05	3.916	3.65	4.348	4.25	4.78	4.85	5.212	5.45	5.644
3.1	3.952	3.7	4.384	4.3	4.816	4.9	5.248	5.5	5.68
3.15	3.988	3.75	4.42	4.35	4.852	4.95	5.284	5.55	5.716
3.2	4.024	3.8	4.456	4.4	4.888	5.0	5.32	5.6	5.752
3.25	4.06	3.85	4.492	4.45	4.924	5.05	5.356	5.65	5.788
3.3	4.096	3.9	4.528	4.5	4.96	5.1	5.392	5.7	5.824
3.35	4.132	3.95	4.564	4.55	4.996	5.15	5.428	5.75	5.86
3.4	4.168	4.0	4.60	4.6	5.032	5.2	5.464	5.8	5.896
3.45	4.204	4.05	4.636	4.65	5.068	5.25	5.50	5.85	5.932
3.5	4.24	4.1	4.672	4.7	5.104	5.3	5.536	5.9	5.968
3.55	4.276	4.15	4.708	4.75	5.14	5.35	5.572	5.95	6.004

FEBRUARY 1963 TOTAL CLASS I UNIT SALES BY 11 POOL AND 4 NON-POOL PLANTS

Fluid Items	GALS.	$\frac{1}{2}$ GALS.	QUARTS	PINTS	$\frac{1}{2}$ PINTS	PRODUCT LBS.	%-TOTAL
Standard Milk			4,487			9,648	.09
Homo Milk	227,101	1,138,462	307,448	323,860	2,140,738	9,008,266	81.62
Skim Milk	To $\frac{1}{2}$ Gal.*	51,005	70,106	-	4,350	374,552	3.39
Special Skim	22,428	3,255	-	-	-	208,083	1.89
Buttermilk	7,483	168,192	138,095	18,155	15,084	1,112,108	10.08
Flavored Milk	-	-	30,143	76,298	96,260	191,502	1.74
Flav.Milk Drink	-	To Qts.*	16,742	16,515	10,990	56,974	.52
Cream ($\frac{1}{2}$ & $\frac{1}{2}$)	-	-	3,316	31,955	-	40,998	.37
Light Cream (X)	-	-	3,279	-	478	7,107	.06
Heavy Cream (XX)	-	-	1,234	-	25,402	15,702	.14
Sour Cream	252	-	-	To $\frac{1}{2}$ Pts.*	17,972	11,565	.10
				Total Pounds		11,036,505	100.00

* Units combined. Distributed by less than three handlers.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb. '62	\$4.23	-	-	7.6¢	\$4.765	7.9¢	\$2.77	7.0¢
Mar.	4.25 ^{2/}	\$4.39	\$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 ^{2/}	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 ^{2/}	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 ^{2/}	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 ^{2/}	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	4.20	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	4.20	-	-	7.2	4.65	7.5	3.09	6.7
Jan. '63	4.29	-	-	7.2	4.70	7.5	3.09	6.7
Feb.	4.24	-	-	7.2	4.63	7.5	2.76	6.7
Mar.	-	-	-	-	4.75	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
			4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.	
	4 Tenn. Milk Mfg.	Butter Powder	Milk Mfg. \$-cwt-4%	Butter ¢ Lb.	Powders ¢ Lb.	Mfg.Grade Milk ^{4/} \$-cwt-3.5%	
Feb. '62	2.77	3.30	3.12	60.466	15.200	-	
Mar.	2.68	3.30	3.03	60.466	15.060	-	
Apr.	2.665	3.125	3.00	57.957	14.125	-	
May	2.665	3.085	3.00	57.966	13.530	-	
June	2.665	3.045	3.00	57.940	13.330	-	
July	2.655	3.045	2.99	57.960	13.370	3.03	
Aug.	2.66	3.05	3.00	57.970	13.270	3.04	
Sept.	2.66	3.06	3.00	58.280	13.400	3.06	
Oct.	2.66	3.05	3.00	57.960	13.440	3.07	
Nov.	2.72	3.09	3.05	57.990	13.760	3.10	
Dec.	2.75	3.09	3.08	57.980	13.860	3.11	
Jan. '63	2.76	3.09	3.10	57.970	13.920	3.10	
Feb.	2.76	3.08	3.10	57.940	13.950	3.10	

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Feb. '62	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,864	352,989	348,757	536,251	466,013	680	789	685	104	4.13
May	14	546,419	356,897	352,503	522,955	459,802	678	771	678	93	4.03
June	14	510,155	353,585	349,410	486,065	437,132	678	717	645	72	4.08
July	14	506,519	338,196	334,149	480,832	425,757	677	710	629	81	4.05
Aug.	14	521,314	361,566	357,051	496,326	-	677	733	-	-	4.04
Sept.	14	528,521	385,941	381,658	508,196	-	673	755	-	-	4.09
Oct.	14	541,862	397,921	393,375	525,608	-	673	781	-	-	4.29
Nov.	14	514,930	408,451	403,240	500,085	-	672	744	-	-	4.41
Dec.	14	513,491	372,020	367,290	496,734	-	668	744	-	-	4.41
Jan. '63	15	508,261	389,638	383,143	493,018	-	666	740	-	-	4.36
Feb.	15	543,770	407,032	400,638	497,455	-	694	717	-	-	4.32

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Effective with Order Amendment August 1962